

# Corporate Governance

In accordance with its Corporate Philosophy, the Company endeavors to enhance corporate governance on an ongoing basis in order to realize sustainable growth and improve corporate value over the medium to long term.

The Company has established the Basic Policy on Corporate Governance. For more information, please refer to the J-POWER website.

▶ <https://www.jpowers.co.jp/english/ir/ir23200.html>

## Respect for Shareholder Rights

The J-POWER Group believes that sustainable growth and the enhancement of corporate value over the medium to long term can be achieved only in cooperation with a wide range of stakeholders. One important group of stakeholders is shareholders. The Company respects shareholder rights in order to allow for proper collaboration with shareholders.

### Ensuring the Rights and Equality of Shareholders

The Company's policy regarding shareholder rights, such as voting rights at the general meeting of shareholders, is to respect such rights and ensure the substantial equality of shareholders. In addition, the Company gives consideration to ensuring that the special rights that are granted to minority shareholders are upheld with regard to confronting listed companies and their officers (including the right to seek an injunction against illegal activities and the right to file a shareholder lawsuit).

### General Meetings of Shareholders

The Company provides shareholders with information that it believes to be useful for appropriate decision making at general meetings of shareholders. To this end, it is constantly striving to improve the content of convocation notices, reference materials, and business reports. It also provides information via financial results, timely disclosure materials, and disclosure via its website, as needed.

The Company sends a convocation notice for each ordinary general meeting of shareholders around three weeks prior to the meeting date to ensure that shareholders have sufficient time to consider the proposals to be put before the meetings and enable them to appropriately exercise their voting rights. The Company also endeavors to disclose information included in the convocation notice online in both Japanese and English prior to sending the notice. Moreover, the Company strives to avoid scheduling the general meeting of shareholders for the date most crowded with other companies' shareholder meetings.

### General Meeting of Shareholders for Fiscal 2019

<b>Date</b>	June 25, 2020 (to avoid the day most crowded with other companies' shareholder meetings)
<b>Convocation notice</b>	Posted online Japanese: May 22, 2020; English: June 3, 2020 Mailed June 2, 2020 (nine days earlier than legally required)

### Strategic Shareholdings

J-POWER does not maintain strategic shareholdings unless such shareholdings are deemed to serve a purpose.

Shareholdings are deemed to serve a purpose if they are judged to contribute to the Company's sustainable growth and the medium- to long-term enhancement of its corporate value based on the comprehensive consideration of their profitability, verified through properly ascertaining expected returns and other effects, as well as their objectives, such as the development of joint business and the need to maintain, strengthen, or build business relationships.

Every year, the Board of Directors evaluates the rationality and necessity of each strategic shareholding from such perspectives as consistency with the objectives of said holdings and the balance of

the shareholding's profitability against the Company's cost of capital. Holdings found to not serve a purpose are disposed of, with due consideration given to the market impact of such disposal.

J-POWER exercises the voting rights of its strategically held shares based on careful consideration of the medium- to long-term enhancement of the corporate value of the Company and the companies whose shares it holds as well as its objectives in holding such shares.

## Shareholder and Investor Engagement

J-POWER engages with shareholders and investors not only at General Meetings of Shareholders, but through such means as facility tours for shareholders, corporate presentations for individual investors, and individual meetings with institutional investors. Such efforts enable shareholder and investors to better understand our businesses, and the opinions they express are shared with management so that they can be put to use in our operations.



Facility tour for shareholders  
(Chimney at Isogo Thermal Power Plant)

## Corporate Governance System

J-POWER has adopted a Company with an Audit & Supervisory Board structure, and has put in place a system for mutual oversight among Directors through meetings of the Board of Directors attended by Outside Directors, who participate in the Company's management decision making from an independent position.

Also, in fiscal 2019 the Company established the Nomination and Compensation Committee, more than half the members of which are Independent Officers, to enhance the independence, objectivity, and accountability of the Board of Directors with regard to the nomination and compensation of Directors and top management.

Further, the execution of duties by Directors is constantly monitored through the attendance at the meetings of the Board of Directors and other management meetings of the Audit & Supervisory Board Members, including Outside Audit & Supervisory

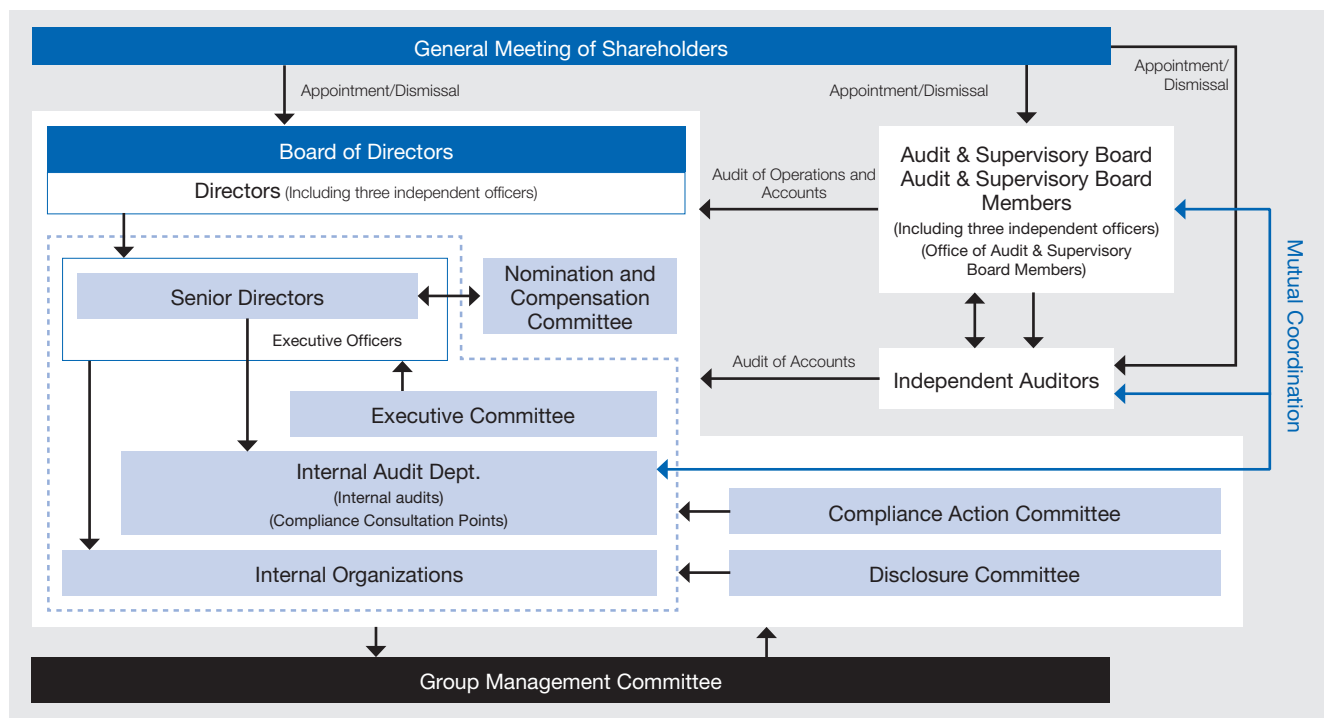
Board Members with abundant experience in such areas as the management of leading Japanese listed companies and execution of government policies. The Company believes this system allows for sufficient corporate governance functionality.

In addition to the above, the Company also maintains the Executive Committee.

**Nomination and Compensation Committee Members (As of June 25, 2020)**

Independent Officers: 3		Internal Officers: 2	
Chairman	Go Kajitani, Outside Director		Hitoshi Murayama, Representative Director, Chairman of the Board of Directors
	Mutsutake Otsuka, Outside Audit & Supervisory Board Member		Toshifumi Watanabe, Representative Director, President
	Kiyoshi Nakanishi, Outside Audit & Supervisory Board Member		

**Corporate Governance Structure (As of June 25, 2020)**



**Composition of the Board of Directors and the Audit & Supervisory Board**

**Composition of the Board of Directors**

The Board of Directors is composed of Directors with abundant experience, distinguished knowledge, and advanced specialization, ensuring that an overall balance and diversity of knowledge, experience, and abilities is maintained. The number of Directors is capped at 14.

In addition, to ensure the effectiveness of independent and objective management supervision by the Board of Directors, the Company endeavors to appoint at least two Independent Outside Directors, giving consideration to their experience, knowledge, specialization, and other attributes.

Currently, the total number of Directors is 13, including three Independent Outside Directors.

**Composition of the Audit & Supervisory Board**

The Audit & Supervisory Board comprises a maximum of five Audit & Supervisory Board Members, at least half of whom are required to be Outside Audit & Supervisory Board Members. In addition, at least one person with appropriate knowledge of finance and accounting is appointed as an Audit & Supervisory Board Member.\*

Currently, the total number of the Audit & Supervisory Board Members is five, including three Independent Outside Audit & Supervisory Board Members.

\* Senior Audit & Supervisory Board Member Hiroshi Fujjoka (Independent Outside Audit & Supervisory Board Member) has a high level of knowledge in the area of finance and accounting as he has had many years of experience in fiscal and financial administration.

Furthermore, Senior Audit & Supervisory Board Member Shinichi Kawatani has a high level of knowledge in the area of finance and accounting as he has experience in the Company's accounting and finance department.

**System for the Execution of Directors' Duties Ensuring Effectiveness in Business Execution**

The Board of Directors meets monthly in principle\* and on an as-needed basis, with attendance by all Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members. The Executive Committee meets weekly in principle, with attendance by all Senior Directors, Senior Executive Officers, and full-time Audit & Supervisory Board Members. This committee discusses matters subject to deliberation by the Board of Directors, significant company-wide matters related to business execution by the President and Executive Vice Presidents based on policies decided by the Board of Directors, and important matters related to individual business execution.

In addition to allocating functions for the Board of Directors and Executive Committee, the Company has established a system in which Senior Directors and Executive Officers share responsibility for business execution. This system clarifies responsibilities and authority, enables appropriate and prompt decision making, and provides for efficient corporate management.

\* The Board of Directors met 12 times during fiscal 2019.

## Corporate Governance

### Ensuring Appropriateness in Business Execution

The Company has established the Internal Audit Department to ensure proper business execution. The department conducts internal audits from a perspective that is independent of other operating units. In addition, each operating unit regularly conducts self-audits of its own business execution.

### Preventing Conflicts of Interest

The Directors of the Company, in accordance with its Corporate Philosophy, Corporate Conduct Rules, and Compliance Action Guidelines, exemplify honest and fair conduct based on a steadfast spirit of compliance and business ethics. In addition, the Company works to prevent conflicts of interest in the event that the Company engages in a transaction with a Director or a major shareholder\* by obtaining the approval of the Board of Directors before executing the transaction and reporting the results of the transaction to the Board of Directors.

\* Shareholders with shares representing 10% or more of the voting rights in the Company

### Audits by Audit & Supervisory Board Members

In accordance with the Companies Act, J-POWER appoints Audit & Supervisory Board Members, who audit the legality and appropriateness of Directors' business execution. At J-POWER's Headquarters, Audit & Supervisory Board Members conduct audits by attending the meetings of the Board of Directors and other important meetings and observing the status of the execution of Directors' and Executive Officers' duties. In addition, the Audit & Supervisory Board Members perform site visits to local operating units and subsidiaries in Japan and overseas.

In the course of accounting audits, Audit & Supervisory Board Members liaise with the Independent Auditors to regularly receive reports and exchange opinions regarding auditing schedules and results as a means of ensuring the appropriateness of the Independent Auditors' auditing methods and results.

When performing audits, Audit & Supervisory Board Members liaise with the Internal Audit Department.

With regard to staff under the Audit & Supervisory Board Members, the Company has established the Office of Audit & Supervisory Board Members as an independent unit outside of the Directors' chain of command. The office's full-time specialist staff assists the Audit & Supervisory Board Members in the course of their audits.

### Group Governance

With regard to the administration of subsidiaries and affiliates, the J-POWER Group's basic policy calls for group-wide business development in accordance with the Group's management plan. The administration of subsidiaries and affiliates is undertaken in accordance with the Company's internal regulations, and the Group Management Committee works to improve the appropriateness of operations for the entire corporate Group. In addition, the Audit & Supervisory Board Members and the Internal Audit Department implement audits of subsidiaries and affiliates with the objective of ensuring proper operations at all Group companies.

### Evaluation of Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors on an annual basis.

To improve the effectiveness of the Board of Directors, the Company strives to enhance the quality of discussion at monthly meetings of the Board of Directors and has implemented a number of initiatives, including the following.

- Utilizing the Nomination and Compensation Committee
- Creating opportunities for discussion among officers outside of Board of Directors meetings

- Enhancing the provision of information, including the content of Executive Committee discussions, to outside officers
- Inspections of power plants and other facilities by outside officers
- Training for internal officers

Regarding the evaluation in 2020, the Board of Directors discussed the status of measures implemented on the basis of the previous year's analysis and evaluation as well as the results of interviews and surveys of all officers, including outside officers. As a result of the discussion, the effectiveness of the Board of Directors was deemed sufficient. Going forward, the Company will enhance discussion following changes in the business environment, and make continual efforts to enhance the effectiveness of the Board of Directors.

### Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members)

The Company's Outside Directors and Outside Audit & Supervisory Board Members are independent officers that meet both the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Criteria to Determine the Independence of Outside Officers prescribed by the Company.

### Appointment and Dismissal of Officers

The Board of Directors appoints as members of top management and nominates as candidates for Director and Audit & Supervisory Board Member individuals who have the abundant experience, distinguished knowledge, and advanced specialization necessary for those positions, based on discussion by the Board following the President's presentation of recommendations. The President's recommendations for members of top management and Director candidates are themselves based on the deliberations of the Nomination and Compensation Committee.

When a member of top management or a Director is found to have acted inappropriately or unreasonably, or there is some other marked impediment to the continued execution of the individual's duties, the Board of Directors may decide, based on discussion within the Board after deliberation by the Nomination and Compensation Committee, to dismiss or otherwise take action to deal with the member of top management or Director in question.

### Officers' Compensation

The compensation of top management and Directors is determined by means of discussion at meetings of the Board of Directors, after comprehensively taking into account corporate performance, position held, and other factors in light of the characteristics of the Company's business, namely, aiming to recover investment through the long-term operation of power plants, etc., and is based on proposals made by the President following deliberation by the Nomination and Compensation Committee.

By resolution at the 54th Ordinary General Meeting of Shareholders held on June 28, 2006, total compensation for Directors is capped at ¥625 million annually (a fixed monthly salary calculated according to position and a performance-linked bonus paid once a year. Employee salaries for Directors who serve in dual capacity as employees are excluded). Each Director's compensation is determined within this cap.

Total compensation for the Audit & Supervisory Board Members was capped at ¥120 million annually (a fixed monthly salary calculated according to position) at the same general meeting of shareholders. Each Audit & Supervisory Board Member's compensation is determined, within the cap prescribed above, by means of consultation among Audit & Supervisory Board Members.

## Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 25, 2020)

### Directors



Representative Director  
Chairman

**Hitoshi Murayama**

Company-wide compliance  
Technology oversight



Representative Director  
President

**Toshifumi Watanabe**



Representative Director  
**Akihito Urashima**



Director  
**Yoshiki Onoi**



Director

**Hiromi Minaminosono**



Director

**Makoto Honda**



Director

**Hiroyasu Sugiyama**



Director

**Hitoshi Kanno**



Director

**Yoshikazu Shimada**



Director

**Hiroshi Sasatsu**



Director Outside Independent

**Go Kajitani**



Director Outside Independent

**Tomonori Ito**



Director Outside Independent

**John Buchanan**

### Audit & Supervisory Board Members

Senior Audit & Supervisory Board Members

**Naori Fukuda**

**Hiroshi Fujioka**

Outside Independent

**Shinichi Kawatani**

Audit & Supervisory Board Members

**Mutsutake Otsuka**

Outside Independent

**Kiyoshi Nakanishi**

Outside Independent

## Corporate Governance

### Independent Outside Directors

#### Go Kajitani (b. November 22, 1936)

Career summary	
April 1967	Registered as an attorney at law (Dai-ichi Tokyo Bar Association) Joined KAJITANI LAW OFFICES
April 1998	President of Dai-ichi Tokyo Bar Association, Vice President of Japan Federation of Bar Associations
April 1999	Senior Partner of KAJITANI LAW OFFICES
June 2003	Outside Audit & Supervisory Board Member of NICHIAS Corporation
April 2004	President of Japan Federation of Bar Associations
June 2007	Chairman of the Central Third-Party Committee to Check Pension Records, the Ministry of Internal Affairs and Communications
June 2009	Director (Outside Director) of the Company (current position)
April 2011	President of Japan Legal Support Center
June 2011	Outside Audit & Supervisory Board Member of The Yokohama Rubber Co., Ltd.

#### Reason for selection

Go Kajitani has distinguished knowledge as an attorney at law and abundant experience in the legal profession.

#### Main activities during fiscal 2019

He attended 12 of the 12 meetings of the Board of Directors and made comments primarily based on his distinguished knowledge and a wide range of experience as an attorney at law.

#### Tomonori Ito (b. January 9, 1957)

Career summary	
April 1979	Joined The Bank of Tokyo, Ltd.
March 1990	Vice President of Investment Banking Group, Bank of Tokyo Trust Company, New York Branch
April 1994	Vice President of Emerging Market Group, The Bank of Tokyo, Ltd., New York Branch
March 1995	Manager of Business Development Daini, Union Bank of Switzerland, Tokyo Branch
August 1997	General Manager of Tokyo Branch and Head of Investment Banking, Union Bank of Switzerland
June 1998	Head of Investment Banking and Managing Director, UBS Securities Japan Co., Ltd.
April 2011	Visiting Professor of Graduate School of International Corporate Strategy (currently Department of International Corporate Strategy, Graduate School of Business Administration), Hitotsubashi University
May 2012	External Director of PARCO CO., LTD.
October 2012	Professor of Graduate School of International Corporate Strategy (currently Department of International Corporate Strategy, Graduate School of Business Administration), Hitotsubashi University
June 2014	Outside Director of Aozora Bank, Ltd. (current position)
June 2016	Director (Outside Director) of the Company (current position)
April 2020	Visiting Professor of Department of International Corporate Strategy, Graduate School of Business Administration, Hitotsubashi University (current position)

#### Reason for selection

Tomonori Ito has abundant experience in investment banking business both inside and outside Japan and distinguished knowledge acquired through research in financial theory at the Department of International Corporate Strategy, Graduate School of Business Administration, Hitotsubashi University.

#### Main activities during fiscal 2019

He attended 12 of 12 meetings of the Board of Directors and made comments primarily based on his abundant experience in investment banking business both inside and outside Japan and distinguished knowledge and abundant experience acquired through research in financial theory.

#### John Buchanan (b. October 31, 1951)

Career summary	
October 1974	Joined Lloyds Bank Group (Bank of London and South America, Lloyds Bank International, Lloyds Merchant Bank)
January 1981	Representative, subsequently Branch Manager, Lloyds Bank International, Osaka
August 1983	Branch Manager, Bank of London and South America, Barcelona
October 1987	Joined S.G. Warburg & Co. Ltd.
October 1992	Director of S.G. Warburg & Co. Ltd.
October 1995	Joined The Sumitomo Bank, Limited, London Branch
May 2000	Joined Daiwa Securities SB Capital Markets Europe Limited
August 2006	Research Associate of Centre for Business Research, University of Cambridge (current position)
June 2016	Director (Outside Director) of the Company (current position)

#### Reason for selection

John Buchanan has abundant experience in investment advisory business both inside and outside Japan as well as distinguished knowledge acquired through research concerning corporate governance at the University of Cambridge.

#### Main activities during fiscal 2019

He attended 12 of 12 meetings of the Board of Directors and made comments primarily based on his abundant experience in investment advisory business both inside and outside Japan and distinguished knowledge and abundant experience acquired through research concerning corporate governance.

### Independent Outside Audit & Supervisory Board Members

#### Hiroshi Fujioka (b. June 2, 1954)

Career summary	
April 1977	Joined the Ministry of Finance
July 2008	Director-General of Customs and Tariff Bureau, the Ministry of Finance
July 2009	Director-General for Policy Planning, the Ministry of Land, Infrastructure, Transport and Tourism
January 2012	Senior Executive Vice President of Japan Housing Finance Agency (Incorporated Administrative Agency)
January 2014	Councilor of the Minister's Secretariat, the Ministry of Finance
June 2014	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company
June 2015	Senior Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company (current position)
June 2016	Outside Corporate Auditor of The Nishi-Nippon City Bank, Ltd.
October 2016	Audit and Supervisory Committee Member (Outside Director) of The Nishi-Nippon City Bank, Ltd. (current position)

#### Reason for selection

Hiroshi Fujioka has distinguished knowledge and abundant experience acquired through many years of work in the government.

#### Main activities during fiscal 2019

He attended 12 of the 12 meetings of the Board of Directors and 12 of the 12 meetings of the Audit & Supervisory Board, and made comments primarily based on his distinguished knowledge and abundant experience in fiscal and financial administration, etc.

#### Mutsutake Otsuka (b. January 5, 1943)

Career summary	
April 1965	Joined Japanese National Railways
April 1987	Joined East Japan Railway Company, General Manager of Finance Department
June 1990	Director and General Manager of Personnel Department of East Japan Railway Company
June 1992	Executive Director and General Manager of Personnel Department of East Japan Railway Company
June 1997	Executive Vice President and Representative Director and Director General of Corporate Planning Headquarters of East Japan Railway Company
June 2000	President and Representative Director of East Japan Railway Company
April 2006	Chairman and Director of East Japan Railway Company
April 2007	Temporary Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company
June 2007	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company (current position)
May 2011	Vice Chairman of Nippon Keidanren
April 2012	Advisor of East Japan Railway Company
June 2013	Outside Director of JX Holdings, Inc. (currently ENEOS Holdings, Inc.) (current position)
June 2014	Outside Director of NIPPON STEEL & SUMITOMO METAL CORPORATION (currently NIPPON STEEL CORPORATION)
June 2020	Counsel of East Japan Railway Company (current position)

#### Reason for selection

Mutsutake Otsuka has distinguished knowledge and abundant experience as a director of a listed company.

#### Main activities during fiscal 2019

He attended 12 of the 12 meetings of the Board of Directors and 12 of the 12 meetings of the Audit & Supervisory Board and made comments primarily based on his distinguished knowledge and abundant experience in the management of a listed company.

#### Kiyoshi Nakanishi (b. April 2, 1945)

Career summary	
April 1970	Joined Toyota Motor Co., Ltd.
January 1997	General Manager of No. 3 Engine Technical Department of No. 4 Development Center of TOYOTA MOTOR CORPORATION
June 2000	Director of TOYOTA MOTOR CORPORATION
June 2003	Managing Officer of TOYOTA MOTOR CORPORATION
June 2004	Adviser of TOYOTA MOTOR CORPORATION
June 2004	Representative Director of GENESIS RESEARCH INSTITUTE, INC.
June 2010	Adviser of GENESIS RESEARCH INSTITUTE, INC.
June 2010	Adviser of Toyota Central R&D Labs, Inc.
June 2010	Audit & Supervisory Board Member of TOYOTA TECHNO-CRAFT Co., LTD. (currently TOYOTA CUSTOMIZING & DEVELOPMENT Co., Ltd.)
June 2011	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company (current position)

#### Reason for selection

Kiyoshi Nakanishi has distinguished knowledge and abundant experience as a director of a listed company.

#### Main activities during fiscal 2019

He attended 12 of the 12 meetings of the Board of Directors and 12 of the 12 meetings of the Audit & Supervisory Board and made comments primarily based on his distinguished knowledge and abundant experience in the management of a listed company.



**Executive Officers** (As of August 1, 2020)

President and Chief Executive Officer	<b>Toshifumi Watanabe</b>			
Executive Vice Presidents	<b>Akihito Urashima</b>	General operations Department Director of Nuclear Power Business (delegation of administrative works)		
	<b>Yoshiki Onoi</b>	General operations Department Director of International Business (delegation of administrative works)		
	<b>Hiromi Minaminosono</b>	General operations Department Deputy Director of Nuclear Power Business (delegation of administrative works) Secretarial Affairs Dept., Public Relation Dept., Personnel & Employee Relations Dept., General Affairs Dept., Siting & Environment Dept.		
	<b>Makoto Honda</b>	General operations Department Deputy Director of International Business (delegation of administrative works) Corporate Planning & Administration Dept., Accounting & Finance Dept., Procurement Dept.		
	<b>Hiroyasu Sugiyama</b>	General operations Department Director of Renewable Energy (delegation of administrative works) Department Deputy Director of Nuclear Power Business (delegation of administrative works) Digital Innovation Dept., Civil & Architectural Engineering Dept., Thermal Energy & Value Creation Dept., Research & Development Dept.		
Executive Managing Officers	<b>Hitoshi Kanno</b> <b>Takaya Nomura</b>	<b>Yoshikazu Shimada</b> <b>Osamu Hagiwara</b>	<b>Hiroshi Sasatsu</b> <b>Ryoji Sekine</b>	<b>Isshu Kurata</b>
Executive Officers	<b>Takashi Jahana</b> <b>Kazuo Ito</b>	<b>Toshiya Sato</b> <b>Takashi Fujita</b>	<b>Shinichi Demachi</b> <b>Shoichi Echigo</b>	<b>Yasushi Ishida</b>

# Compliance & Risk Management

J-POWER, in accordance with its Corporate Philosophy, has established the Corporate Conduct Rules as the core of its compliance activities, outlining basic rules for behavior in line with the spirit of compliance and business ethics to be observed in the course of business operations. In addition, the Company has established its Compliance Action Guidelines as criteria for determining specific actions by individual employees, including members of management, when conducting business activities.

The Company distributes these documents to all employees and works to encourage compliance awareness by having employees sign and keep with them a copy of the Compliance Pledge.

Directors adhere to the Corporate Philosophy, Corporate Conduct Rules, and Compliance Action Guidelines, set an example for honest and fair conduct based on a steadfast spirit of compliance and business ethics, and instill these values in employees.

In addition, the Board of Directors regularly receives reports on the status of business execution in order to keep up to date on risks, including ESG-related risks. The Company incorporates mutual checks and balances in the internal decision-making process, undertakes reviews in various meetings and committees, and always maintains risk management frameworks in accordance with Company regulations. This structure ensures measures are implemented to recognize and avoid risks in the conduct of business activities and minimizes losses when risks actualize.

## Compliance Promotion Structure

The Company's compliance is overseen by the Chairman. An officer in charge of compliance implements compliance promotion programs and assists the Chairman and President. The Compliance Action Committee, chaired by the Chairman, has been established to discuss company-wide compliance promotion measures, evaluate their implementation status, and address issues related to compliance violations. With the participation of group companies, the committee implements measures for the entire J-POWER Group. Two task forces have also been established to quickly and accurately promote operations pertaining to compliance promotion, one for company-wide compliance promotion and the other for autonomous safety activities based on the Company's safety regulations. These task forces, which are led by Executive Officers who have relevant expertise, confirm the implementation status of compliance promotion activities.

At major offices, power plants, and Group companies throughout Japan, individual compliance committees have been established to implement compliance activities suited to the characteristics of their respective business units.

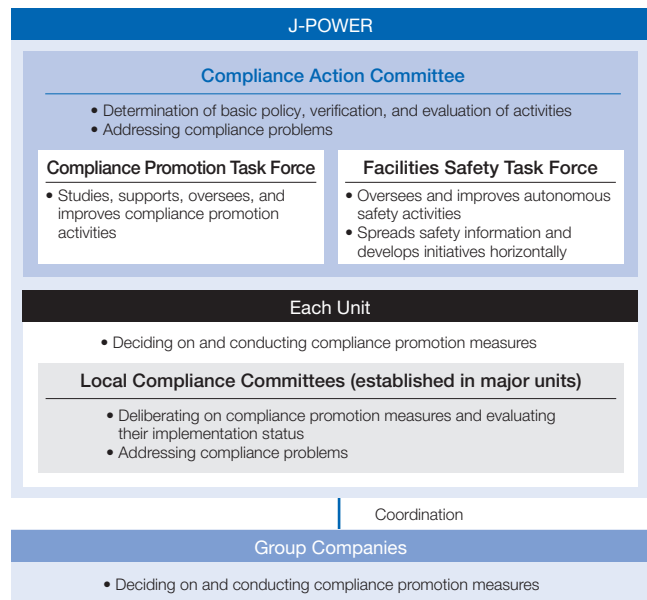
## Compliance Promotion Activities

The Compliance Action Committee utilizes a PDCA (plan-do-check-act) method for compliance promotion, formulating a plan for each fiscal year, evaluating results at the end of that fiscal year, and formulating the next year's plan based on the results. The compliance promotion plan and results are reported to the Board of Directors.

To raise compliance awareness among employees, the Company issues notifications of changes in laws and regulations, presents compliance-related case studies, and conducts training sessions on laws and regulations related to its business and on compliance issues.

When alleged compliance violations occur, the Compliance Action Committee investigates the facts and causes surrounding the issues and takes appropriate action as necessary, including issuing directives for improvement or measures to prevent their recurrence.

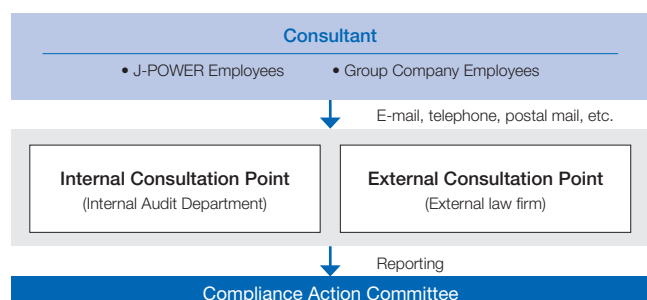
## The J-POWER Group's Compliance Promotion System



## Compliance Consultation Points (Whistle-Blowing System)

The J-POWER Group has established Compliance Consultation Points at the Internal Audit Department, at an external law firm, and at key subsidiaries to serve as consulting hotlines in the event that employees face compliance issues. The Group makes employees aware of these channels. Employees who use these resources are rigorously protected.

## The J-POWER Group's Compliance Consultation Points



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## Compliance Survey

The J-POWER Group conducts an annual survey of all employees in an effort to understand compliance-related risks. Compliance Consultation Points contact respondents whose responses indicate problems to gather additional information. The survey also seeks out employee opinions on workplace conditions, communication, and work volume on an ongoing basis. These results are shared with operating units and used to improve workplace environments.

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## Barring Relations with Anti-Social Forces

The J-POWER Group's policy is to not maintain relations of any sort with the anti-social forces that threaten the order and safety of civil society. The Company has designated an internal department to act as a point of contact in the event that demands or other contacts are received from anti-social forces and has established a system that ensures the quick collection of information and appropriate response in cooperation with specialist external agencies.

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## Preventing Bribery and Corruption

The J-POWER Group prohibits bribes, illicit payments, and illegal political donations, as well as entertaining or giving gifts to public officials that conflict with the National Public Service Ethics Act or rules prescribed by government agencies. Also, the Company does not offer financial or other rewards to foreign government officials in return for illicit benefits or accommodations. We are careful to avoid actions that might be construed as collusion with politicians or administrative agencies and strive to establish sound and transparent relationships.

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## Disclosure

The Company has established the Disclosure Committee, chaired by the President, to enhance transparency and accountability in corporate activities. This committee ensures the fair and transparent disclosure of company information in a timely and proactive manner.

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## Compliance with the Internal Control Reporting System

In response to the internal control reporting system for financial reporting required by Japan's Financial Instruments and Exchange Act, the J-POWER Group established, maintains, and evaluates its internal control system, mainly through the Accounting & Finance Department and Internal Audit Department.

In fiscal 2019, continuing from the previous year, the Company's management evaluated the status of the development and operation of internal controls with respect to company-wide internal controls, operational process-related internal controls, and information technology-based internal controls in accordance with the implementation standards of Japan's Financial Services Agency. The Company determined that its internal control system for financial reporting is effective. This evaluation result was submitted as an Internal Control Report to the Director-General of the Kanto Finance Bureau in June 2020 following an audit carried out by the Company's Independent Auditor.

Going forward, the J-POWER Group will continue efforts to ensure the reliability of its financial reporting.

### Corporate Conduct Rules (Revised on April 1, 2004)

#### Reliable Supply of Energy

We will put forth every effort to reliably supply energy both in Japan and abroad, utilizing our experienced personnel and cutting-edge technology.

#### Safety Assurance

In conducting operations, we will constantly work to raise safety awareness and give the highest priority to public and worker safety.

#### Environmental Conservation

Based on the awareness that our business operations are deeply linked with the environment, we will actively engage in environmental conservation activities.

#### Communication with Society

To establish communication with society, we will conduct information disclosure and public relations activities in a fair and transparent manner.

#### Contribution to Society

Aiming to be a good corporate citizen, we will undertake activities to contribute to society and assist in the development of local communities both in Japan and abroad.

#### Creation of a Rewarding Corporate Culture

In addition to providing safe and comfortable work environments, we will respect the individuality of our employees and endeavor to establish a rewarding corporate culture that encourages them to take on new challenges.

#### Compliance with Laws, Regulations, and Corporate Ethics

We will conduct business in good faith and in a fair manner with a strong commitment to compliance and ethics. We will stand firm against anti-social forces that threaten the order and safety of civil society.

#### Role of top Management

Recognizing its responsibility in putting into practice the spirit of these Corporate Conduct Rules, our top management must set an example for others and work to spread awareness of these rules.

Should an event occur that violates the spirit of these rules, top management must take the initiative in dealing with the problem to determine the causes and prevent its recurrence. Top management must also identify and take disciplinary action against those responsible, including its own members.



# Emergency Management

## Emergency Management Measures

The J-POWER Group has a responsibility as an electric utility company to ensure a stable supply of electricity, which plays an essential role in people's everyday lives. We need to prevent damage to the equipment that produces and transmits electric power and to restore service quickly should a disruption occur. Accordingly, the J-POWER Group implements the following measures.

- (1) Installation of appropriate facilities and development of disaster recovery systems in preparation for natural disasters, including earthquakes, typhoons, lightning strikes, and tsunamis
- (2) Enhancement of security to prevent malicious and violent conduct
- (3) Enhancement of regular facility inspections to prevent major impediments to electric power supply and appropriate repairs and upgrades in response to aging, the decline of function, and breakdowns
- (4) Preparation of action plans for responding to pandemics and other events that could have a major impact on business operations

## Emergency Management Systems

The J-POWER Group has established the following systems to accurately forecast and prevent accidents, facility incidents, and other emergency events, and to promptly and appropriately respond to and manage such events should they occur.

### (1) Emergency Response Team

The Emergency Response Team is a permanent organization at the J-POWER Headquarters. The team forecasts emergencies, immediately takes first-response action in the case of an occurrence, and oversees emergency management operations.

The team conducts safety reporting drills for Group employees several times a year.

### (2) Emergency Managers and Emergency Duty Personnel

Emergency managers and personnel are appointed at the Headquarters and local units to take first-response action and report information.

### (3) Emergency Response Headquarters and Branches

When an emergency is predicted to occur or occurs and the seriousness warrants emergency countermeasures, Emergency Response Headquarters (and Branches) are established.

Every year, the Emergency Response Headquarters and Branches in the J-POWER Headquarter and local units carry out coordinated comprehensive disaster drills.

### Emergency Response Headquarters Structure (Head Office)

Structure	Composition
Chairman	President
Deputy Chairman	Executive Vice President
Members	Executive Officers in charge of General Affairs Dept. and related Executive Officers Department Directors of General Affairs Dept., Public Relation Dept., and other related departments
Emergency Management Task Force	Emergency Response Team and related departments
(Composition of Task Force)	(Division of Duties)
1. Communication	Communication, collection, and management of information
2. Analysis/Evaluation	Analysis, evaluation, response planning
3. Response	Restoration, liaison, response to victims, response to consumers, IR-related information
4. Public Relations	Relations with media
5. Advisers	Provide advice regarding analysis, evaluation, response planning, etc.

## Disaster Prevention and Business Continuity

J-POWER, as an electric utility company responsible for vital lifelines, is a designated public institution under the Basic Act on Disaster Control Measures.

Accordingly, the Company has established physical measures assuming a large-scale natural disaster as well as non-physical measures, such as various rules for when disasters occur and a systematic disaster preparedness structure from the head office to local units. By actively implementing these measures, the Company has reinforced its disaster preparedness structure to ensure the continuation of business even in the event of a natural disaster exceeding assumptions.



A head office comprehensive disaster drill

## Response to COVID-19

In light of the spread of COVID-19, J-POWER has established the COVID-19 Response Headquarters headed by the President and set up a framework for preventing infection and implementing measures to prevent the spread of COVID-19 in and outside the Company.

We are implementing contagion prevention measures, including remote working, staggered working hours, and the utilization of video conferencing. We are also taking steps to avoid contact between plant operators, who are especially important to the continuity of stable power supply, and other employees. In addition, we have put in place measures to secure substitute operators within the same business units and from other business units in case such an operator is infected. We are also confirming, as needed, risks related to difficulties in procuring the fuel and other materials necessary to maintain and operate power plants.

## Information Security

With advancements in the utilization of IT by corporations, information security has become increasingly important in light of the increase in instances of cyberattacks targeting specific companies and other threats. As an important infrastructure company that is responsible for ensuring a stable power supply in Japan and overseas and the construction of a nuclear power plant, it is imperative that the J-POWER Group ensure an especially high level of information security.

Furthermore, ensuring the security of important systems, such as electric power control systems, is growing ever more important to maintaining a stable power supply.

The J-POWER Group has established a Basic Policy on Information Security and formulates and implements annual plans with specific measures based on activities in the previous fiscal year.

Of note, the Company is strengthening its collaboration with relevant government agencies and the electric power industry overall, contributing to the stable supply of electric power from an IT perspective. The Company is implementing robust information security measures in constructing the Ohma Nuclear Power Plant, with its IT and nuclear power divisions working in close coordination.

Note: Please refer to the J-POWER website for more information on the Basic Policy on Information Security and information security measures.

▶ <https://www.jpowers.co.jp/english/privacy/>